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16 JAN 1980

Mayke need more
spent in specific applications -

MEMORANDUM FOR: Deputy Director for Administration

FROM: [REDACTED]

Chief, Management Staff, DDA

SUBJECT:

16 January 1980 EXCOM
FY-82 RD&E Program

Don -

1. I haven't had the time to research and present this subject to you as fully as would probably be appropriate, but did want to give you some thoughts on the subject before your meeting. [REDACTED] can no doubt give you some even more relevant insights from his own experiences. My comments to you are based on two factors:

-- My association with the subject while assigned with the Comptroller; and

-- My experiences as the DDA R&D Coordinator. (U)

2. FY 1980 will be an extremely painful year for DDS&T R&D offices because their funding will be so thin. FY 1981 will be a better year but still, in the view of Agency R&D managers, an underfunded one. Based on the loss of a significant funding base, Les Dirks and his managers consciously decided to raise the awareness level of senior Agency managers (read EXCOM) to the blight being wrought on CIA R&D funding. Today's meeting is one of the results--very successful in my opinion--of Dirk's plan to both improve his R&D planning process (a laudible initiative) and to restore fiscal health to the Agency's R&D program. Today's meeting concerns the Agency's FY 1982 R&D Program. Decisions you make today will affect the ranking of the 1982 Program that hasn't yet been constructed. Be careful. (C)

3. My most serious concern about the CIA R&D Program is that I have never seen us as an Agency try to evaluate the worth of our R&D expenditures. Many Agency users of the DDS&T R&D program will say that they are benefitting from it, and in a sideways sort of sense they are. In too many cases we feel we, as individual offices, are benefitting--because it

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35% red
growth

Very little
return in the more
basic investments
early investment
need better thought
in cost/benefit
ratio for
implementation

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OC is an
operation

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is a free service. No user of CIA R&D has to pay for it out of his/her own budget. Because our budget philosophy requires that the provider of the service, rather than the user, budget for R&D, all of us users try to get ORD, OTS, or whomever to fund our R&D requirements. We are inclined to speak kindly of the R&D system so that our own water, so to speak, doesn't get cut off. I seriously question how strongly each of your Office Directors would fight for the level of R&D funding in their own budgets that they are asking DDS&T to fund. (C)

4. I'm rambling; my points here are:

- non-DDS&T Agency managers are, everything else being equal, inclined to be more supportive of CIA's R&D Program because it is a free resource to them;
- Because users of the DDS&T R&D Program are not required to budget for their R&D support, I suspect that they are much less discriminating in the R&D requirements that they submit to DDS&T than would be the case if they had to fund such requirements from within their own budgets;
- As a result, I suggest that the R&D requirements you will hear about today have not in fact been as rigorously scrubbed as they could be. Said another way, the funding requirements will be larger, because the substantive requirements will be softer than they might necessarily be.
- I am not convinced that the Agency's R&D budget should increase because I have never seen a rigorous, independent evaluation of the worth of the results of our R&D expenditures. I'm talking about both macro and micro evaluations, and while I'm sure there have been micro evaluations performed, I just haven't seen them. I'm not sure, for example, that Bob Gambino would have been willing to spend the many millions of dollars that it took to develop the [REDACTED] over the many years it took ORD to do if he had been required to fund the requirement out of his own budget. I'm not sure that Security has ever done or been asked to do a soul-searching review of that or similar R&D requirements. [REDACTED] can, I know, cite you some less-than-acceptable experiences that the Office of Communications has had with the R&D products delivered to it by various Agency R&D offices. (S)

5. I caution you to carefully evaluate--or hold off until we or the Comptroller can evaluate some of the fiscal environmental assumptions that, according to the outline provided in the EXCOM reading package for today's meeting, will be used.

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Looking at the briefing package page entitled OBSERVATIONS/ASSUMPTIONS, their first point about nondeferrable growth areas within the DDS&T may well be true, but then again it may be only true from the S&T viewpoint. I caution you not to agree to a decision today that might adversely impact your resource requests next May during the 1982 Program ranking and decision process.

The third point--RD&E limited to inflation plus 5 percent real growth--may or may not be okay. I have difficulty looking at one issue out of context. If the DDCI said he was going to limit DDA resource growth to inflation plus 5 percent real growth, I would be ecstatic. Five percent real growth is a whole bunch in these difficult resource times. This concern notwithstanding, my most elemental concern is: "What does 5 percent, plus the base, really buy us?" (S)

6. Turning to the page entitled RD&E ISSUES, the second question " . . . should we consolidate the program . . . highest priority . . .," who determines the priority of R&D requirements? I ask the question because we, the DDA R&D Panel, had extreme difficulty ranking our 1982 requirements because of the prioritization rules that the DDS&T imposed on us. They (DDS&T) wanted us to prioritize the quality of the proposed R&D solution (provided by DDS&T) rather than the importance of the basic Directorate requirements. We never did resolve our differences, and we in the DDA will not know which of our R&D requirements the S&T will include within its 1982 current level program until May or so of this year--not a reassuring fact. (U)

7. On the same page (RD&E ISSUES), Les Dirks has posed the "gut" question of the meeting: when does the Agency define and size its R&D Program for the next years? Please accept my apology if you think me too cynical, but how do you size such an activity if you don't know how effective it is? I wouldn't want to answer the question at the top of the page until I had reviewed an analysis of the value ~~received for our R&D expenditures--a macro as well as a selective micro review.~~ I, therefore, would counsel the last alternative to allow time for a review along the line suggested above. (C)

8. Les Dirks has a legitimate problem that he is trying to address. If EXCOM, however, makes a decision on this issue based upon what I have seen--superficial at best--then Dirks will have preempted some of the DDCI's flexibility during his 1982 resource decision process next May. This will have consequences on all directorates. You need to recognize this as basically a budget problem. OC had a similar, though less significant, problem with new communications support requirements. The Comptroller agreed that, to solve the problem, each office would budget for and justify its own new communications requirements in 1982. This may well bring more realism to this class of requirements. A similar suggestion, for EXCOM discussion purposes, might not be inappropriate. (U)

after Presidential decision, rolled back into organizational framework

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9. I am available to discuss this with you at your convenience. (U)



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Attachment:

EXCOM Memo dtd 10 Jan 80

Subj: Agenda for EXCOM Mtng, 16 Jan 80

cc: ADDA w/att
EO/DDA/w/att

R:D

OTS - Tech. Support to DDD

ORD -
~~Basic~~ Applied

OSO -

ODE - very large programs

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10 JAN 1980

MEMORANDUM FOR: Executive Committee Members

25X1A FROM

SA/DDCI

SUBJECT : Agenda for Executive Committee Meeting, 16 January 1980

The Executive Committee will meet on Wednesday, 16 January 1980, at 4:00 P.M. in the DCI's conference room on two topics:

1. FY 1982 R&D Program Issues and Initiatives: The attached outline of the DDS&T presentation on this topic spells out the primary issues you will be asked to address: Should the DDS&T continue to develop an R&D program that is as responsive as possible to a broad range of Agency needs or should the program be consolidated to focus on only areas of highest priority through the mid-1980s? Secondly, when should this decision be made? (AIUO)

2. Doing More With Less: The Office of the Comptroller will brief the Committee on the results of its investigation into this topic. (A copy of the briefing outline is attached). You will be asked to consider several options for future Agency efforts in productivity measurement, enhancement, and evaluation. (AIUO)

Attachments
as stated

ADMINISTRATIVE INTERNAL USE ONLY
WHEN SEPARATED FROM ATTACHMENT

GOALS/REQUIREMENTS (FY82-FY85)
Not Sent to Office Directors

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Agenda

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Introduction

Mr. Dirks

Briefing Objectives

- Establish a basis for discussing FY82-FY85 RD&E issues
- Review RD&E issues and proposed course of action

Directorate Goals (FY82-FY85)

- Identify key cutyear objectives
- Establish some sense of priority

Projected Resources

- Develop resource picture into which RD&E program or any program has to be integrated

Observation/Assumption

- Establish, for planning purposes, an RD&E growth profile

RD&E Requirements (FY82-85)

- A look at the direction of the program as compared with FY80/81

RD&E Resource Projections

- A look at the projections of funds needed to achieve the requirement discussed above

RD&E Issues

- What needs to be done?
- When do we need to do it?

RD&E Program Recommendations

RESOURCE PROJECTIONS

- A series of graphics depicting funding profiles associated with key activities

OBSERVATIONS/ASSUMPTIONS

- WE HAVE CRITICAL NONDEFERRABLE GROWTH AREAS IN THE DIRECTORATE WHICH REQUIRE INCREASES IN BOTH PERSONNEL AND FUNDS

- THESE AREAS WILL ABSORB MOST OF THE PROJECTED INCREASES

- THE RD&E PROGRAM MAY WELL BE LIMITED TO GROWTH OF INFLATION PLUS 5% OR LESS

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Next 1 Page(s) In Document Exempt

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RD&E PROGRAM
REQUIREMENTS

FY80/FY81

FY82--FY85

AGENCY WIDE

- DATA PROCESSING SUPPORT
- SECURITY SUPPORT
- BATTERIES

EXPLORATORY RESEARCH

- SUPPORT ALL OF ABOVE
- SUPPORTS NFAC PRODUCTION

AGENCY WIDE

- CONTINUED DATA PROCESSING SUPPORT
- ENHANCED SECURITY SUPPORT
- CONTINUED LEVEL OF EFFORT

EXPLORATORY RESEARCH

- EXPANDED FRONT END ROLE LIKELY
- NFAC PRODUCTION SUPPORT INCREASES SEEN
LIKELY

RD&E RESOURCE PROJECTS

- A graphic depicting the projected required growth in the RD&E program through FY85

--THE DILEMMA:

- CAN WE CONTINUE TO DEVELOP A PROGRAM THAT IS AS RESPONSIVE AS POSSIBLE TO A BROAD RANGE OF AGENCY NEEDS

- OR -

- SHOULD WE CONSOLIDATE THE PROGRAM TO FOCUS ON ONLY THOSE AREAS WHICH ARE OF HIGHEST PRIORITY THROUGH THE MID-80'S.

--WHEN SHOULD THIS DECISION BE MADE

ALTERNATIVES:

- NOW, PRIOR TO THE DEVELOPMENT OF FY82 PROGRAM
- NEXT SPRING AFTER EXCOM DELIBERATIONS
- NEXT YEAR, PRIOR TO THE DEVELOPMENT OF THE FY83 PROGRAM